

**ANNUAL REQUIRED FEDERAL NOTICE**  
**Important Notice from Kentucky Teachers'**  
**Retirement System (KTRS)**  
**About Your Prescription Drug Coverage and Medicare**

**If you have Medicare or will become eligible for Medicare in the next 12 months, a Federal law gives you more choices about your prescription drug coverage. Please see the following information for more details.**

Please read this Notice carefully and keep it where you can find it. This Notice has information about your current prescription drug coverage with KTRS and prescription drug coverage available for people with Medicare. It also explains the options available with Medicare prescription drug coverage and can help you decide if you want to enroll. At the end of this Notice is information about where you can get help to make decisions about your prescription drug coverage.

1. In 2006, Medicare prescription drug coverage became available to everyone with Medicare. This coverage is provided through Medicare prescription drug plans and Medicare Advantage Plans that offer prescription drug coverage. All Medicare prescription drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. KTRS has determined that the prescription drug coverage offered by the KTRS is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay and is considered Creditable Coverage.

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Because your existing KTRS drug coverage is on average at least as good, and in many cases better than standard Medicare prescription drug coverage, you can keep the KTRS drug coverage and will not be required to pay extra if you later decide to enroll in Medicare prescription drug coverage.

However, if you have both Medicaid and Medicare or you qualify for the Medicare Low-Income Drug Subsidy Program, your expected out-of-pocket costs will be lower than either the standard Medicare prescription drug coverage or the current KTRS prescription drug coverage.

Individuals can enroll in a Medicare prescription drug plan when they first become eligible for Medicare and each year from November 15<sup>th</sup> through December 31<sup>st</sup>. Beneficiaries leaving KTRS coverage may be eligible for a Special Enrollment Period to sign up for a Medicare prescription drug plan.

You should compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

If you decide to enroll in a Medicare prescription drug plan and drop your KTRS prescription drug coverage, be aware that you may not be able to get your KTRS coverage back until the KTRS annual open enrollment period.

Please contact us for more information about what happens to your coverage if you enroll in a Medicare prescription drug plan.

**Participants in the KTRS prescription drug plan who are Medicare Part D eligible can retain their existing KTRS prescription drug coverage but they must choose not to enroll in a Part D plan.** Your current KTRS Medicare Eligible Health Plan (MEHP) coverage pays for certain other health expenses in addition to prescription drugs. If you enroll in a Medicare prescription drug plan, you will still be eligible to receive all of your current health benefits but not the prescription drug benefits.

If you drop your current KTRS prescription drug coverage and enroll in Medicare prescription drug coverage, you may enroll back into the KTRS prescription drug plan during the KTRS annual open enrollment period.

You should also know that if you drop or lose your coverage with KTRS and do not enroll in Medicare prescription drug coverage after your current coverage ends, you may pay more (a penalty) to enroll in Medicare prescription drug coverage later.

If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare’s prescription drug coverage, your monthly premium will go up at least 1% per month for every month that you did not have that coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what many other people pay. You will have to pay this higher premium as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to enroll.

**For more information about this Notice or your current prescription drug coverage...**

Contact the KTRS office for further information at 502-848-8500 or 1-800-618-1687. NOTE: You will receive this Notice annually and at other times in the future if the KTRS prescription drug coverage changes. You may also request a copy of this Notice at any time.

**For more information about your options under Medicare prescription drug coverage...**

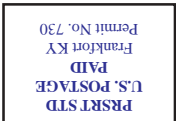
More detailed information about Medicare plans that offer prescription drug coverage is in the “Medicare & You” handbook. You will get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare prescription drug plans. For more information about Medicare prescription drug plans:

- Visit [www.medicare.gov](http://www.medicare.gov)
- Call your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook for their telephone number) for personalized help,
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for Medicare prescription drug coverage is available. Information about this extra help is available from the Social Security Administration (SSA) online at [www.socialsecurity.gov](http://www.socialsecurity.gov), or you call them at 1-800-772-1213 (TTY 1-800-325-0778).

**Remember: Keep this Notice. If you enroll in one of the new plans approved by Medicare that offer prescription drug coverage, you may be required to provide a copy of this Notice when you join to show that you are not required to pay a higher premium amount.**

<b>Date:</b>	<b>09/30/2007</b>
<b>Name of Entity/Sender:</b>	<b>Kentucky Teachers’ Retirement System</b>
<b>Contact—Position/Office:</b>	<b>KTRS Call Center</b>
<b>Address:</b>	<b>479 Versailles Road, Frankfort, KY 40601</b>
<b>Phone Number:</b>	<b>502-848-8500 or 1-800-618-1687</b>



TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF KENTUCKY  
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